

§ 1965.89 Equity take-out for loans made after December 15, 1989.

For initial loans made or insured pursuant to contracts entered into on or after December 15, 1989, equity loans may be guaranteed by FmHA or its successor agency under Public Law 103-354 after a 20-year period, from the date of the loan, has elapsed. The following steps will be followed when a borrower wishes to receive this equity:

(a) Borrower submits a plan requesting an equity loan which ensures that the cost of amortizing the loan doesn't result in the displacement of very low-income tenants or substantially alter the income mix of the tenants in the project.

(b) FmHA or its successor agency under Public Law 103-354 will determine whether the housing will continue to remain decent, safe, and sanitary and that the local housing market is such that the housing will continue to meet the needs of eligible tenants for the remaining life of the initial loan.

(c) In accordance with the conditions outlined in subpart E of this part, FmHA or its successor agency under Public Law 103-354 will offer to guarantee an equity loan to the borrower which may be repaid from an occupancy surcharge account in accordance with subpart K of part 1951 of this chapter. In addition it must be determined that such an equity loan would not impose undue hardship on tenants or unreasonable cost to the Federal Government. The guaranteed loan will not exceed the lesser of:

(1) The amount determined and calculated in accordance with the equity loan instructions contained in subpart E of this part or (2) 30 percent of the appraised value of the project at the time of the initial loan as shown on the appraisal for that loan.

(d) If the borrower indicates preliminary acceptance of the equity loan, an application will be completed in accordance with subpart E of part 1944 of this chapter and two appraisals will be conducted in the manner outlined in subpart E of part 1944 for loans to nonprofit organizations.

(e) When the actual amount of the guaranteed equity loan is determined,

the borrower will indicate acceptance of the loan.

[55 FR 29564, July 20, 1990, as amended at 56 FR 66964, Dec. 27, 1991; 58 FR 38930, July 21, 1993]

§ 1965.90 Payment in full.

(a) *Prepayment of multi-family housing loans.* Subpart E of this part must be complied with for all multi-family housing loans that are planned to be prepaid prior to the scheduled final due date of the loan.

(b) *Borrower responsibility.* Borrowers must advise the District Office servicing the account of any plan to pay the account in full 6 months prior to the date of the planned payment in full.

(c) *FmHA or its successor agency under Public Law 103-354 responsibility.* The FmHA or its successor agency under Public Law 103-354 District Office must ensure payments in full and releases of security are processed in accordance with subpart D of part 1951 of this chapter and other appropriate program requirements and regulations. FmHA or its successor agency under Public Law 103-354's interest in property insurance will be released in accordance with § 1806.4 (a)(3) of subpart A of part 1806 of this chapter (paragraph IV A 3 of FmHA or its successor agency under Public Law 103-354 Instruction 426.1). In all cases, references to County Supervisors will be construed to mean District Directors when applied to multi-family housing borrowers.

[58 FR 38930, July 21, 1993]

§ 1965.91 Servicing loans in formerly eligible areas.

All servicing actions contained in this subpart are authorized without regard to whether the area is no longer defined as an eligible area.

§ 1965.92 Information to be provided to IRS on RRH transfers, voluntary conveyances, foreclosures, and 100% membership changes.

State Offices are to provide information to the National Office for submission to IRS at their request on RRH transfers, voluntary conveyances and foreclosures that were finalized (the deed recorded) subsequent to January 22, 1985. In addition, information is to